

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Carter Federal Credit Union

Point of Contact:	Joe Arnold	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1382	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,300,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	9164
Date Funded (first funding):	September 30, 2010	City:	Springhill
Date Repaid ¹ :	N/A	State:	Louisiana

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☐ Increase lending or reduce lending less than otherwise would have occurred.

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

At the moment, the funds have not been leveraged and are simply serving as an increase to Net Worth.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We have experienced strong and sustained deposit growth in recent years. In conjunction with moderate earnings, this deposit growth has served to "water down" our net worth ratio. But for the CDCI borrowing, we likely would have lowered our deposit rates to help slow down the deposit/asset growth in order to maintain our capital ratios.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Management has identified several opportunities (new product lines, modified internal processes) that will create value for the credit union and the members it serves. Many of these initiatives require up-front capital, and not all of the initiatives contemplated are without risk. The CDCI borrowing provides for a cushion to net worth in case these new projects are either unsuccessful or cause earnings to fall below projections.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.